

Microsoft Studios

Building a movie studio for the future by the future



Microsoft
Studios

Business Objectives

Make data-driven recommendations to set Microsoft Studios up for success:

1. Determine baseline production budget
2. Understand competitive and benchmark landscape
3. Propose launch timing
4. Show Genre Efficiency to optimize genre assortment

Data Sources



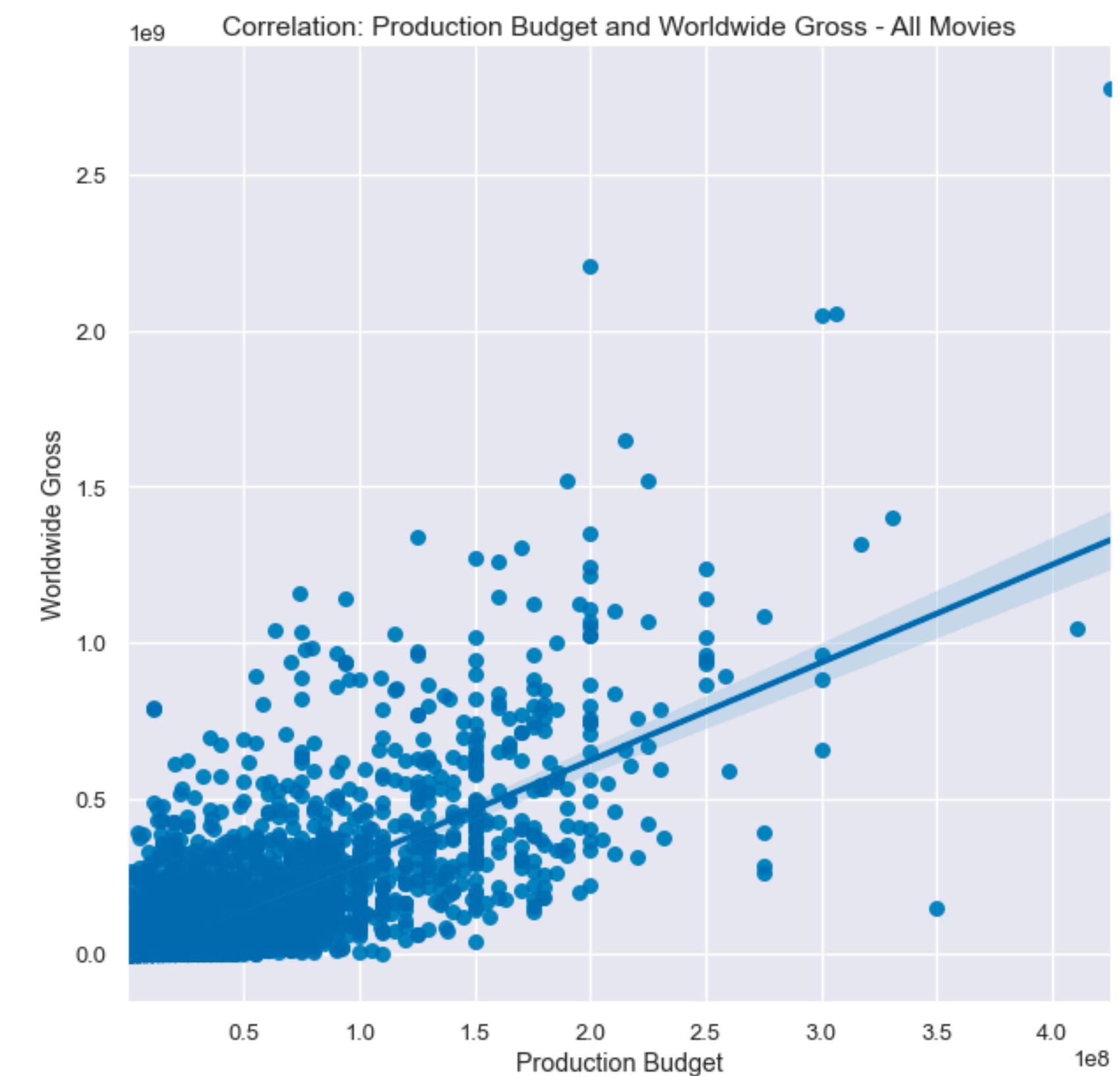
Production Budget, Worldwide
Gross, Release Dates (1915-2019)



Studio Data (172 Studios)



Genres, Box Office (99 Genres)



Methodology

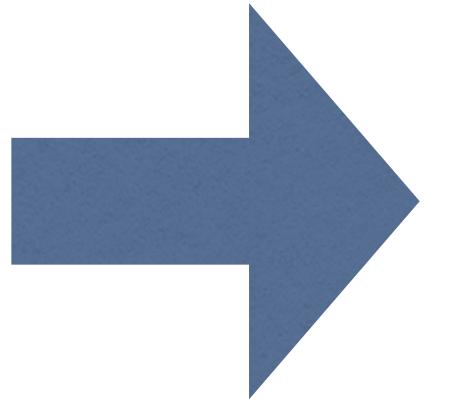
Analyze

years: 1915-2019

5234 movies

99 genres

172 Studios

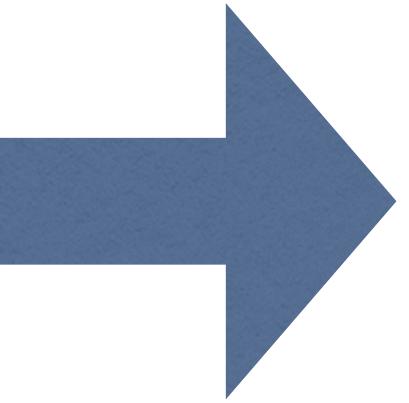


Focus

years: 1998-2018

10 genres

5 Studios



Recommend

budget

launch timing

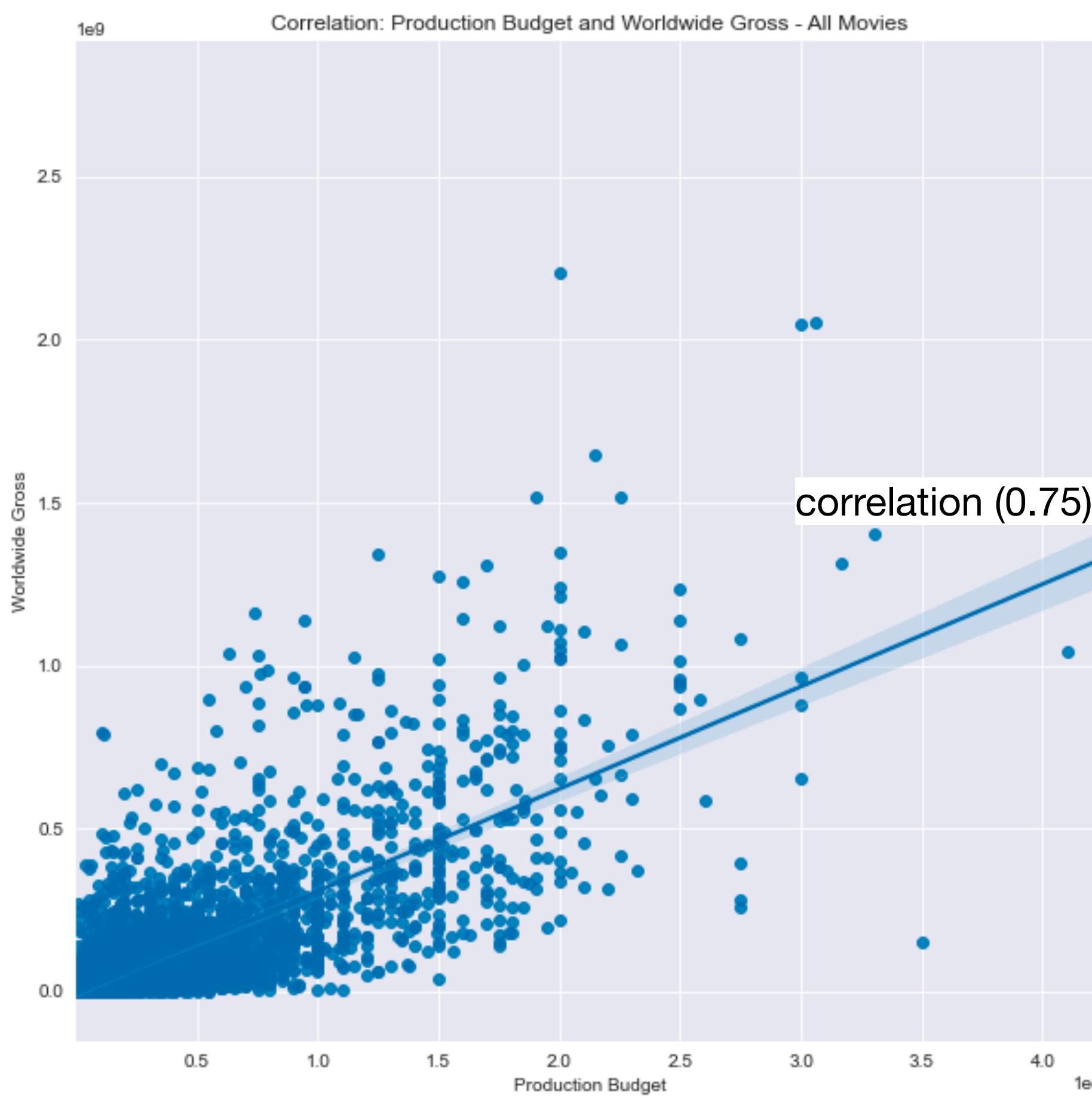
genre assortment

Business Objective #1 - Baseline Budget

Baseline Budgets

Average: \$45MM

Blockbuster: \$80MM



- Strong **correlation (0.75)** between Production Budget and Worldwide Gross for all movies, and even stronger (**0.79**) for movies from the 1998-2008

Business Objective #2 - Competitive & Benchmark Landscape



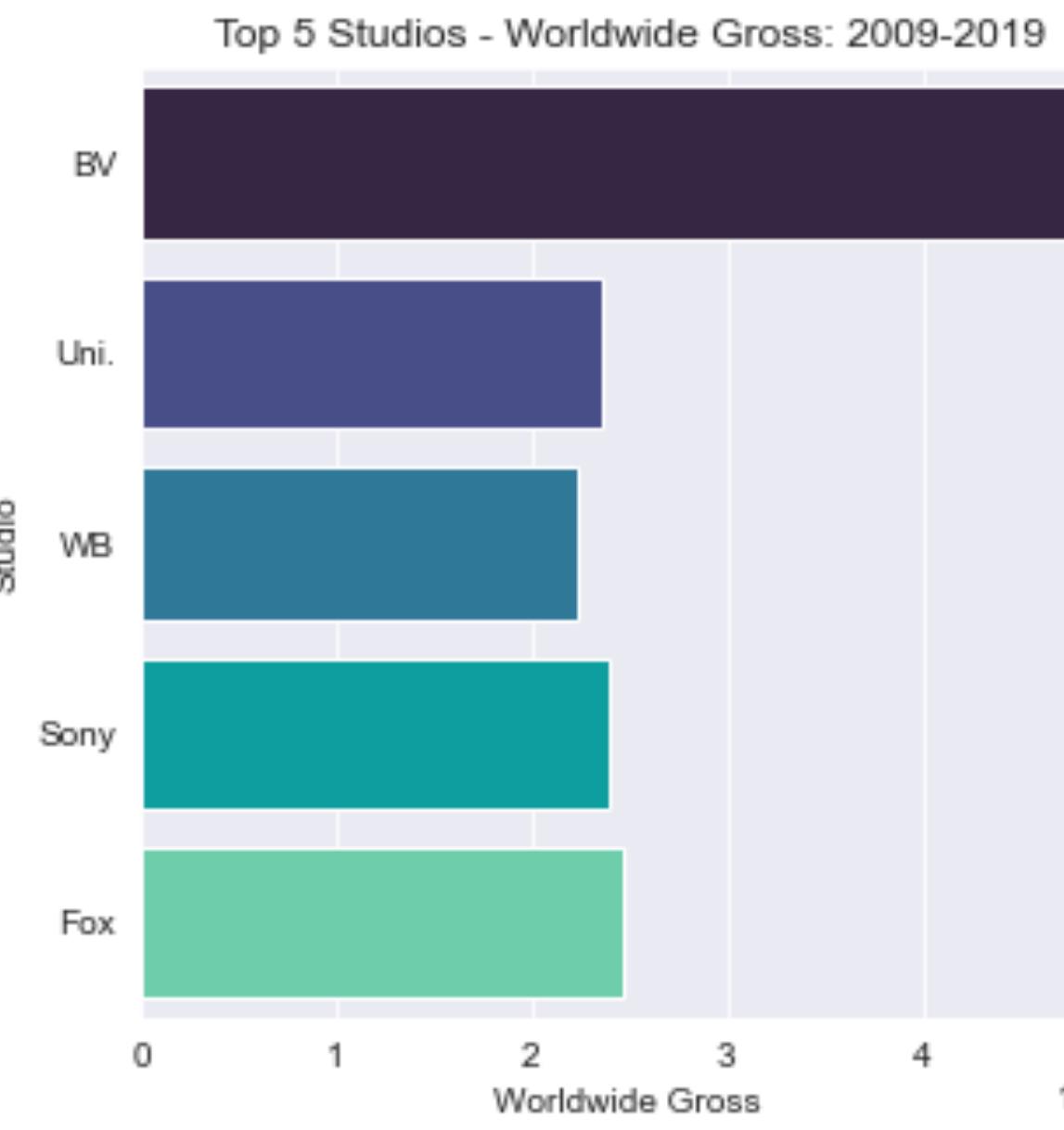
Use top five studios as the benchmark landscape



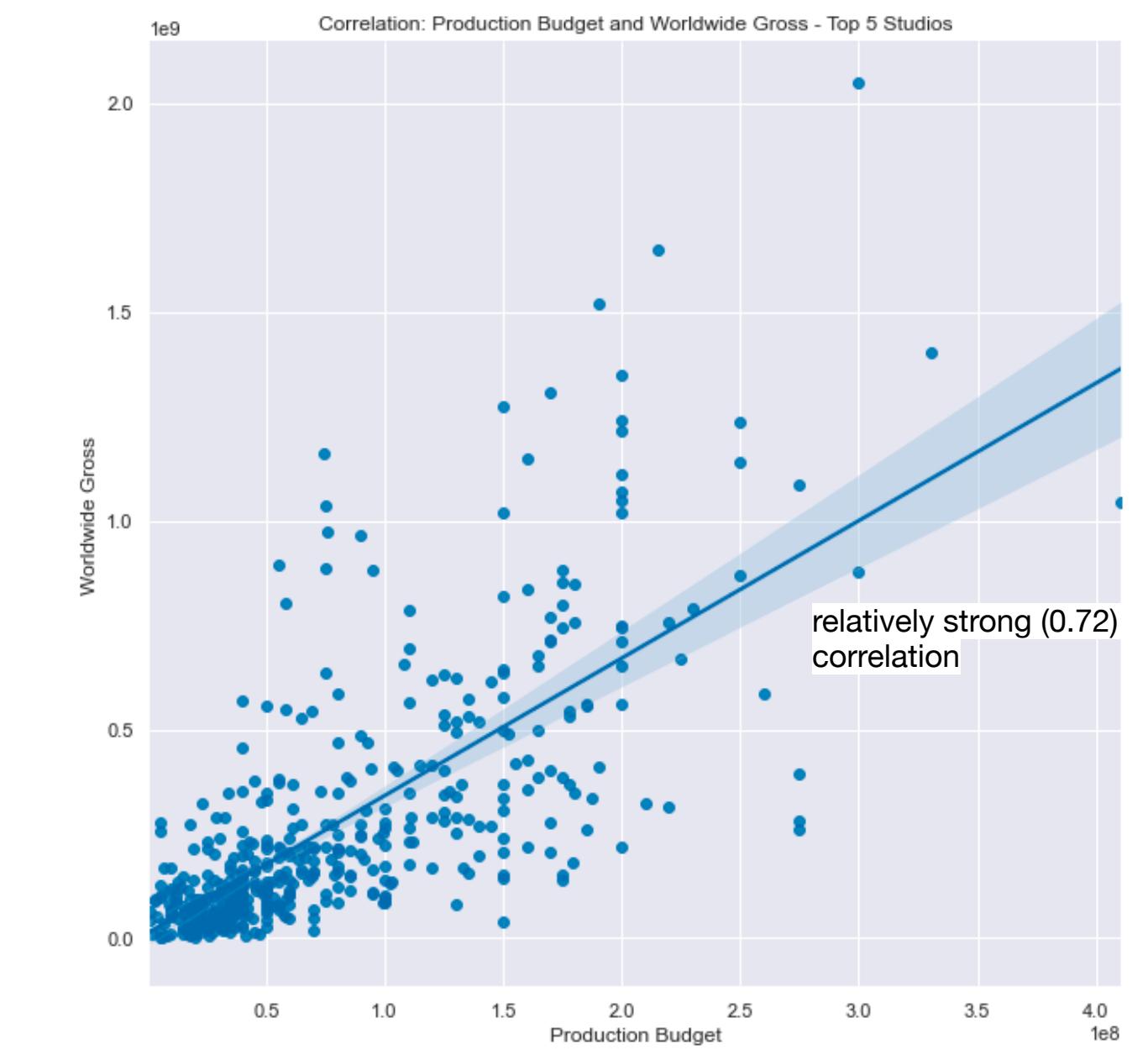
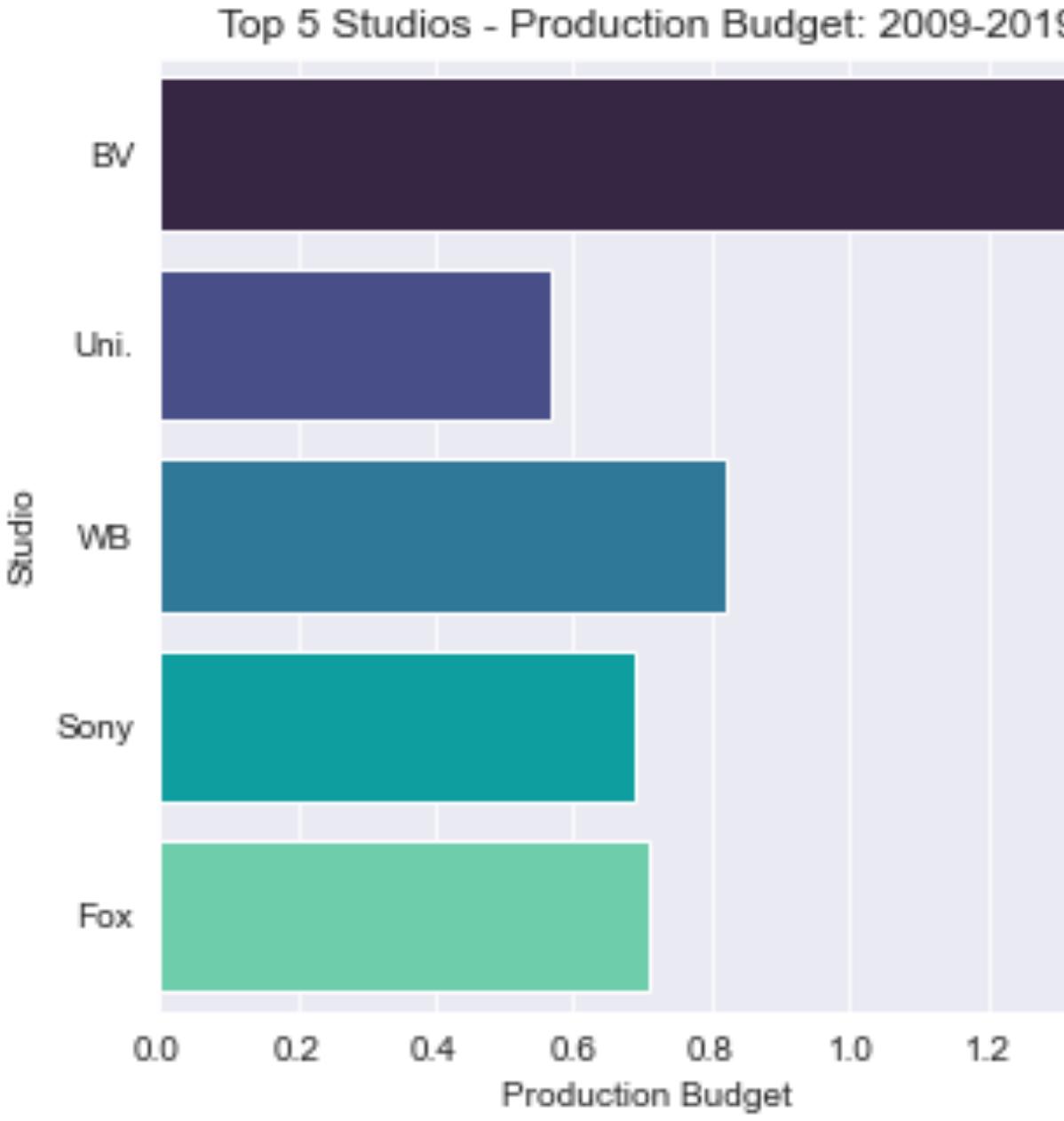
Analyze "Studio Efficiency" metrics and genre assortment to set Microsoft apart



Studio



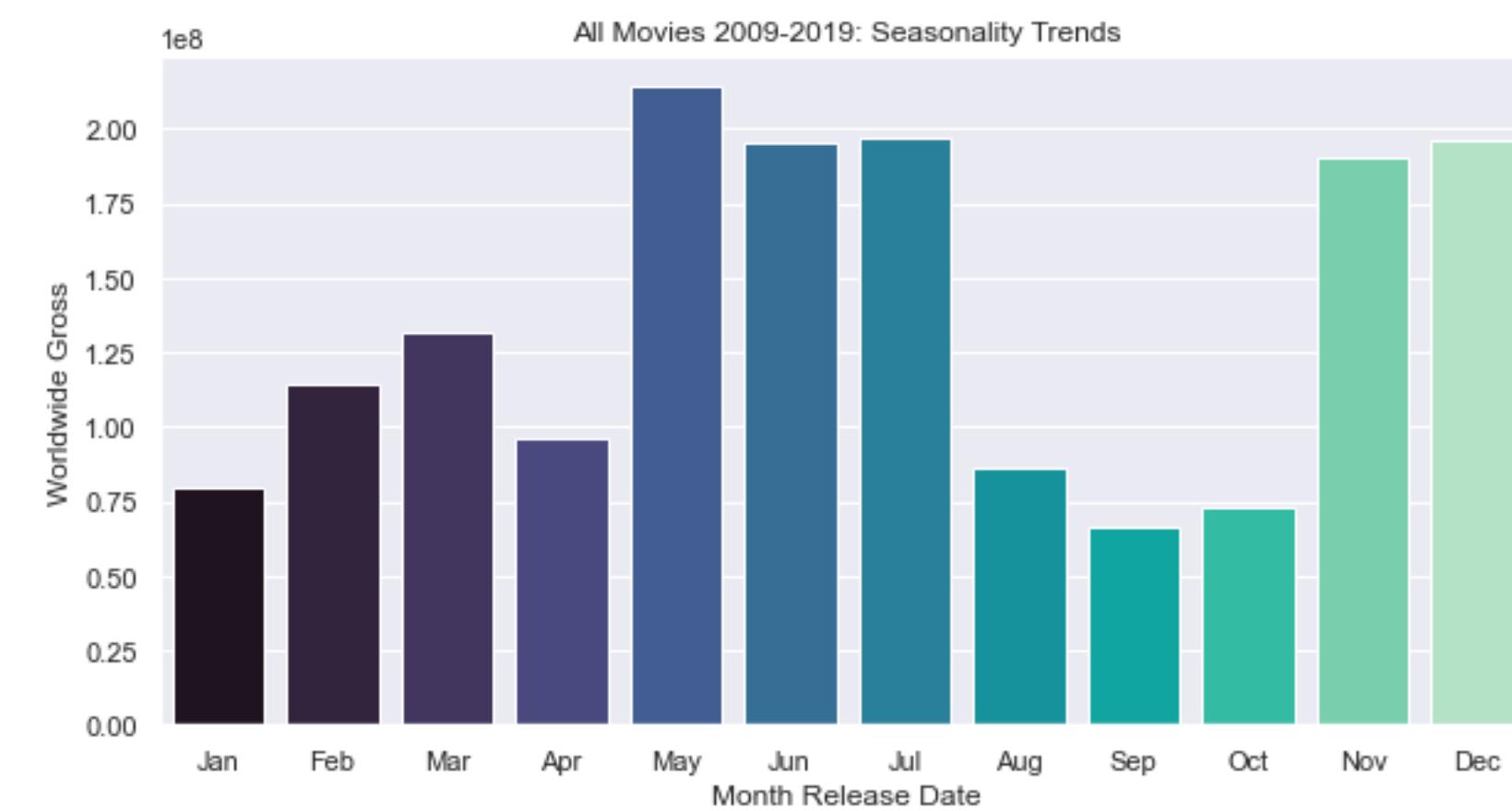
Studio



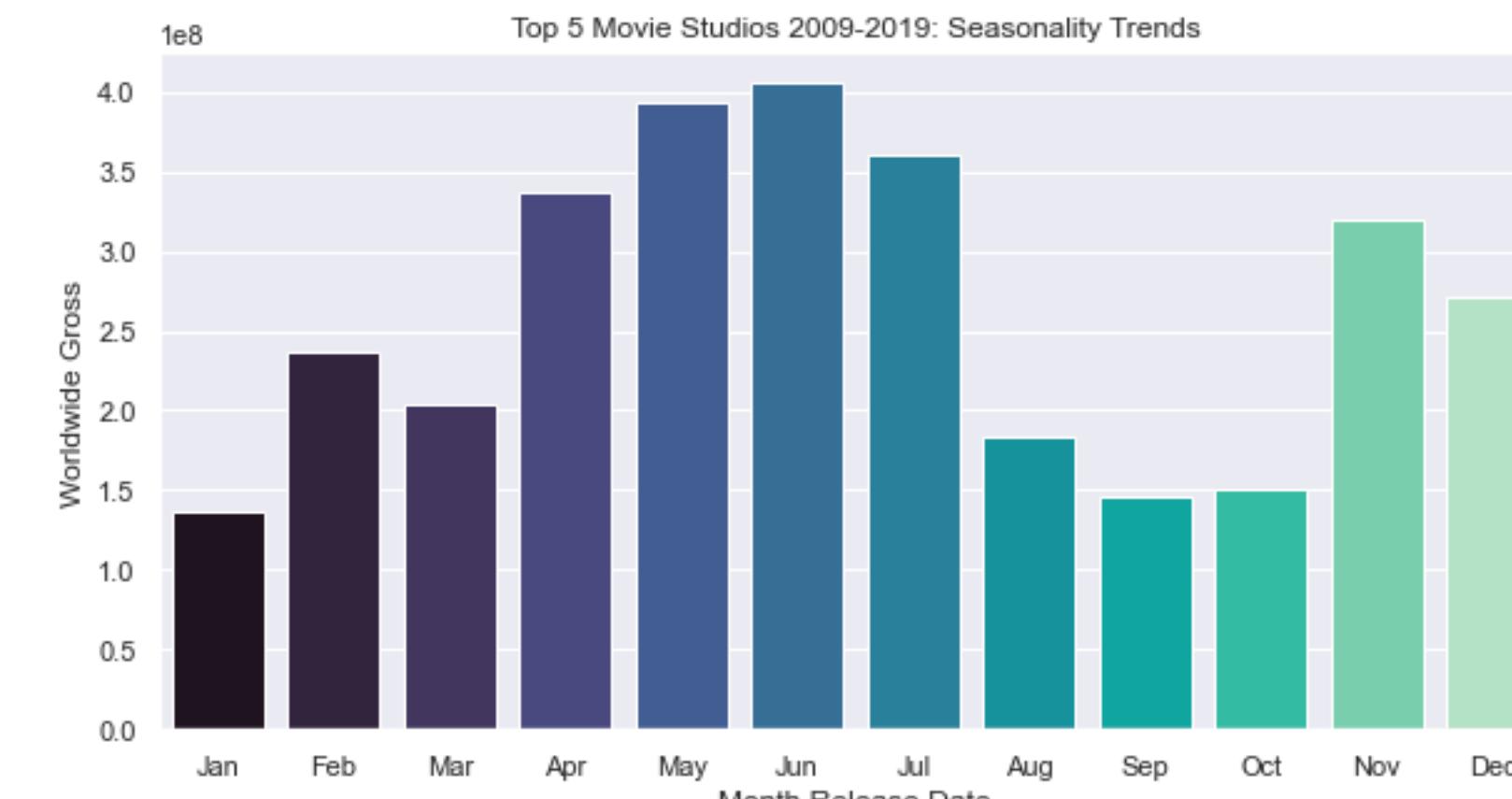
Sources: 1. The Numbers, 2. Box Office Mojo

Business Objective #3 - Launch Timing

- Movies are released and gross the highest in Summer (May-July) and Holiday (Nov-Dec) months — this trend is more pronounced when looking at the top five studios
- While there is appeal in launching during the most popular months, there is an opportunity to **capture "off" months while other studios are less active**



All Movies

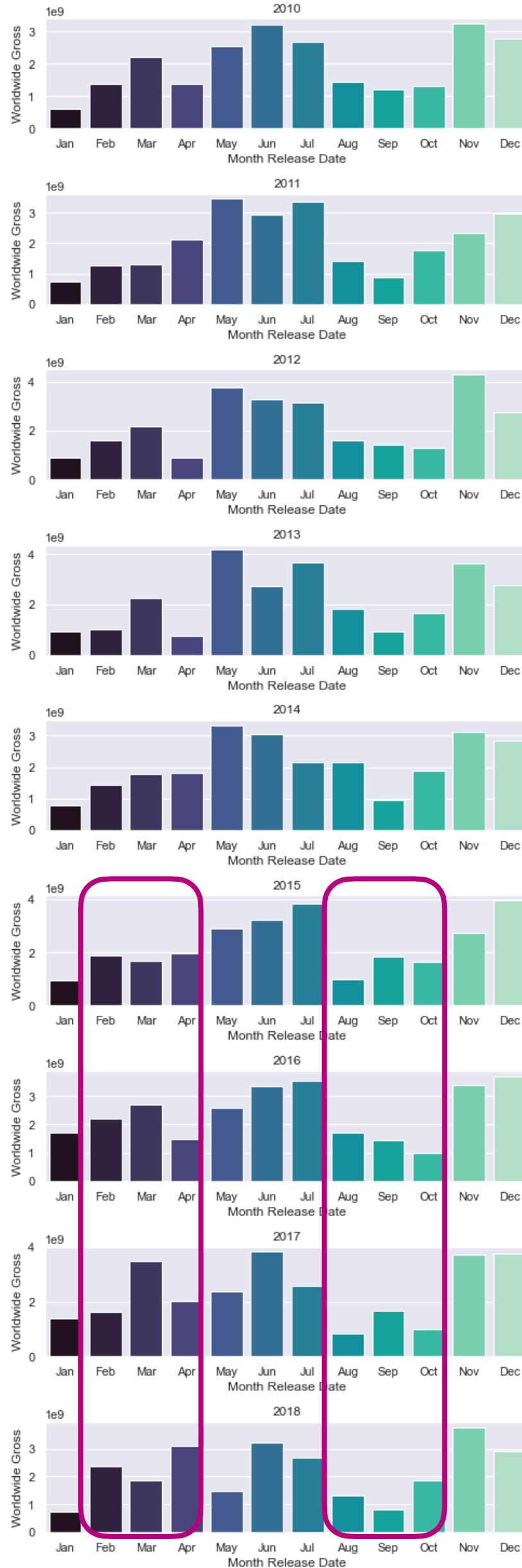


Top 5 Studios

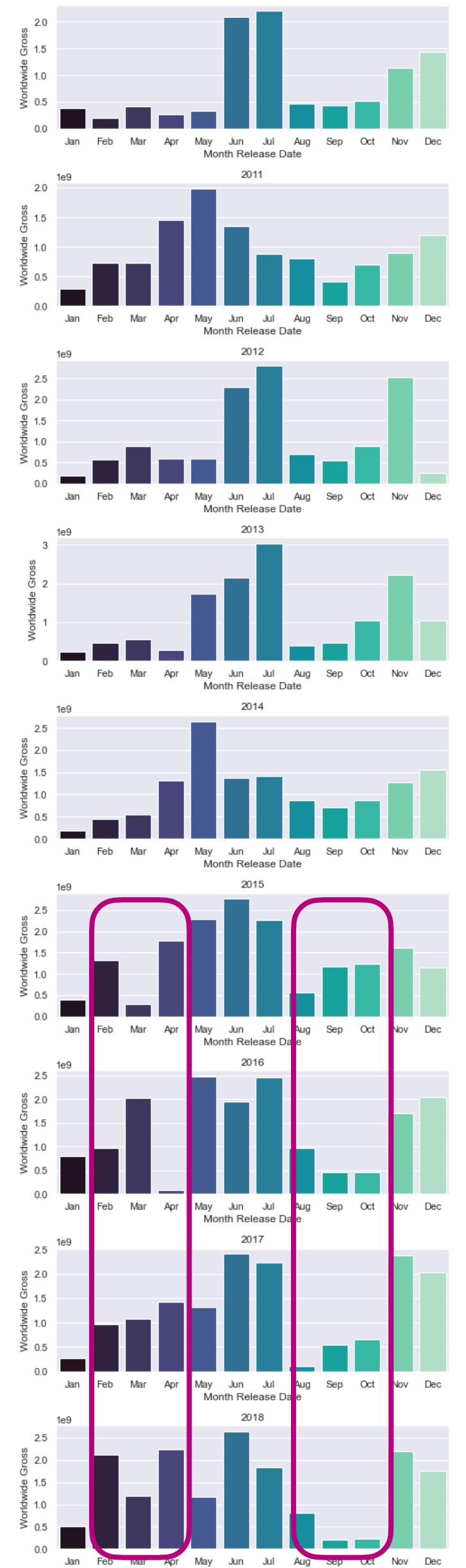
The top five studios have consistent strong worldwide gross in Q2 (the summer months), and in more recent years (2016-2018) has had more sales in Q1 vs. previous years — in line with our suggestions

Capture the off months!

All Movies



Top 5



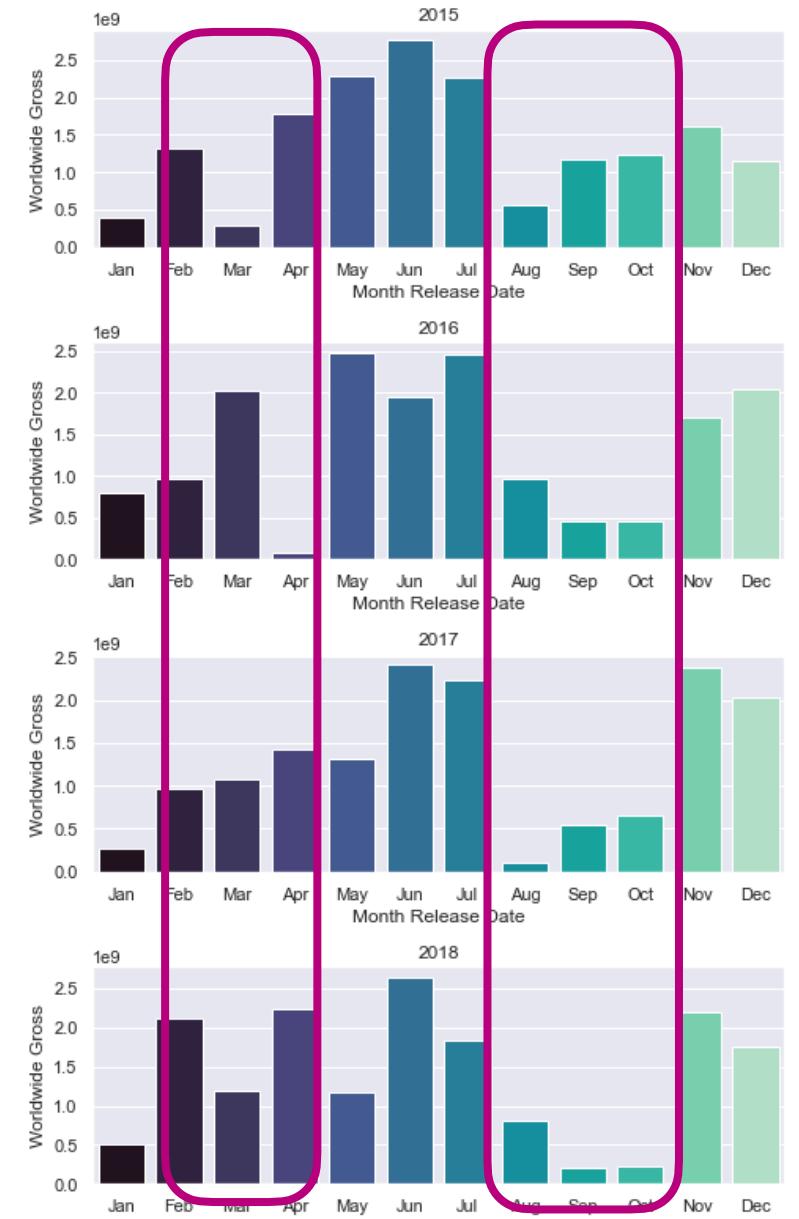
Business Objective #4 - Genre Assortment

- Comedy has highest box office sales in the last 20 years with 133 films
- Drama has the highest number of films
- Science Fiction is the "most efficient" genre
- We recommend a healthy assortment of films in "mainstream" genres (Comedy, Drama), "efficient" genres (Science Fiction, Kids & Family) and of course, Action & Adventure!
- Consider launching with Science Fiction, Kids & Family, or Action & Adventure



Summary of Recommendations

- Plan for Production Budget of \$30MM - \$35MM per film
- Launch outside of competitive months
- Launch with a **mixture of "mainstream" genres (Comedy, Drama) and "efficient" genres (Science Fiction, Kids & Family)**
- Determine Microsoft's Studios goals (**studio brand identity, short and long term fiscal goals, etc.**)



Future Work

- Determine how/if ratings impact performance
- Model future trends for genres -> Discover/create "new" genres
- Build long term movie launch strategy (type/genre by month)
- Explore other movie consumption formats (streaming)
- Analyze Franchise movie data



THANK YOU!!

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Thursday, August 26th, 2021

Further Considerations

- Several areas of opportunity to dig deeper
- Launch timing - understanding studio production budget and gross through the years (early to more mature years)
- Determine when studios reach a point of "maturity"
- Note: we did not perform a "return on investment" analysis because there are a lot of factors we'd like to consider outside of Worldwide Gross-Production Budget
- Gain deeper understanding and learn from efficient and / or esoteric studios and genres

Future Work

Model future trends for genres -> Discover / create "new" genres

